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# THE WESTERN NORTH CAROLINA RAIL ROAD

Governor Jarvis

to the

People of North Carolina.

1880.

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Western North Carolina Rail Road.

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# THE EXTRA SESSION

OF THE

# Legislature.

GOVERNOR JARVIS

TO THE

PEOPLE OF NORTH CAROLINA.

RALEIGH, N. C.:
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# GOVERNOR JARVIS

TO THE

# People of North Carolina.

EXECUTIVE OFFICE,
RALEIGH, February 21st, 1880.

*To the People of North Carolina:*

I have to-day exercised the very responsible power vested in me by the Constitution and Laws of North Carolina, in convening the General Assembly in extra session. The purpose for which the extra session is called is to consider a proposition made by W. J. Best, J. N. Tappan, W. R. Grace and J. D. Fish for the purchase of the State's interest in and the speedy completion of the Western North Carolina Railroad. That road, as will be seen by a glance at the map, begins at Salisbury and runs west to Asheville, a distance of 148 miles, to which point it is now practically finished. At Asheville the road forks, one branch running off to the Northwest with the French Broad River to a place called Paint Rock, very close to the Tennessee line, and distant from Asheville 45 miles. The other, or main line, the one commonly known as the Ducktown line, runs from Asheville southwesterdly for 135 miles through the counties of Buncombe, Haywood, Jackson, Macon, Swain, Graham and Cherokee to Murphy, the county seat of Cherokee, the extreme western county in the State. Beyond the North Carolina line, and some eighteen or twenty miles from Murphy, in the direct line to Chattanooga, the great railroad centre of the South and West is Ducktown. It will be seen, therefore, that of this road which private individuals propose to

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buy and complete, there are now 148 miles completed and 200 miles uncompleted.

It was not proper to do so in my Proclamation, but I deem it due to myself now and to you, that I should detail to you my connection with the proposition for the sale of your property, the proposition itself, and the character and standing of the parties making it and my reasons for my course.

My connection with the matter in brief, is as follows:

On the eighth day of January last, Mr. W. J. Best, of the city of New York, came to Raleigh and submitted to the Board of Directors of the Western North Carolina Rail Road, then in session, a proposition to purchase the State's interest in said Road, and to complete the same. I was not present at any of the sessions of the Board, but was informed by a copy of a resolution sent to me immediately after their adjournment that they had declined to entertain the proposition. On Saturday evening, January the tenth, Mr. Best submitted to me for my consideration, in the presence of the State Treasurer and of the Secretary of State, a proposition of the same general import as the one previously submitted to the Board of Directors, but differing from the former, as he stated, in that he then proposed to give the State $450,000 of the first mortgage bonds of the new corporation, instead of the $850,000 of stock offered to the Board of Directors. I stated to him that the $450,000 would not cover the expenditures made by the State on the road since its purchase, and suggested several other changes, all of which I regarded to the advantage of the State. The proposition, with these changes inserted, was re-written and, together with Mr. Best's letter, placed on file in the Executive Office. Believing the matter to be of such importance as to require my immediate, patient and earnest investigation, I at once addressed myself to its consideration.

At the same time that the proposition was filed, Mr. Best placed with me also letters from the Senators and members of Congress of North Carolina, approving in general terms

his offer. On the 13th day of January, after I had considered well the proposition, I wrote Mr. Best a letter, saying that the amount of first mortgage bonds must be $550,000, and suggesting certain other important amendments, looking to a better protection of the State's interest and better guarantees for the certain completion of the Road. To this letter Mr. Best replied on the 19th day of January, assenting to all the proposed changes except one. On the 29th day of January he returned to the city of Raleigh, and on the next day in the presence of Dr. J. M. Worth, State Treasurer, Col. Wm. L. Saunders, Secretary of State, R. H. Battle, Jr., Esq., and Col. Junius I. Scales, of the Board of Directors, and C. M. Cooke, Esq., of the Board of Internal Improvements, he went over his whole proposition with me. Several additional amendments were then insisted upon and were accepted by him. He then left the city to visit the line of the railroad, and while at Salisbury had a corrected copy of the proposition sent to me by mail. As our members of Congress had written to me in general terms approving the sale of the road, I thought it but courteous and fair to them, and due to myself, that before taking any decisive action I should submit to them the proposition as amended, and take their opinion as to whether it was such an one as to authorize me to call a special session of the Legislature for its consideration. It was for this purpose and no other that I went to Washington.

Before leaving Raleigh I carefully re-read the proposition sent me by Mr. Best from Salisbury, and I saw two other changes that could be made therein to the further advantage of the State. I thereupon at once telegraphed Maj. Wilson, the President of the Western N. C. Railroad, at Morganton, to turn Mr. Best back from Asheville, and requested them both to meet me at Greensboro, prepared to go on with me to Washington. They met me as requested, and on the way I called Mr. Best's attention to the amendments I desired. One of these amendments requires him to

commence paying interest on the $850,000 first mortgage bonds on the day that the General Assembly shall adopt his offer, instead of on the first day of May, as set forth in his proposition. If the contract should be agreed upon about the middle of March, this amendment would make a difference of over $7,000 in favor of the State. The other change required an additional guarantee for the completion of the main line to Ducktown. After some hesitation, Mr. Best yielded his assent to these changes.

I arrived in Washington on Thursday, and on that night the North Carolina delegation in Congress, accompanied by Gen. James Madison Leach and Col. F. E. Shober (one of the Board of Directors) had a consultation with me at the Metropolitan Hotel, at which Mr. Best and President Wilson were present. The proposition was read over and discussed, and two changes were suggested, making more explicit a portion that some of the delegation thought indefinite. The conference ended at a late hour, with the understanding that I was to have these changes properly made and inserted, and that another session would be held on the next night. I was engaged during the greater part of the next day (Friday) in drawing out with great care these proposed changes and in transposing some of the sections so as to make the proposition as explicit as possible.

On Friday night these gentlemen again met me in conference, read over the proposition carefully, and addressed me letters approving it and recommending the convening of the Legislature in extra session to pass upon it.

Before I left for Washington, I had requested Maj. Wilson to call together the Board of Directors of the W. N. C. R. R. to meet in the city of Raleigh on the 10th February, and I had called a meeting of the Board of Internal Improvements at the same time and place.

On the assembling of the Board of Directors, all being present except Col. Shober, I submitted to them for their consideration the proposition as now perfected. On the

next day I was informed by a letter from the Secretary of the Board that six of its members were opposed to calling an extra session of the Legislature to consider and pass upon the proposition, and that five members favored such a call. On the same afternoon I submitted the proposition to the Board of Internal Improvements, which body was equally divided upon the subject. Among those on both Boards opposing the assembling of the Legislature are some of the best men of the State, for whose opinions upon that or any other subject I have the very highest regard. But my duty was to me so plain that I could not let this vital matter rest there. On the 12th day of February I addressed a communication to Dr. J. M. Worth, the State Treasurer, giving him the names of all the gentlemen who were parties to the proposition (which names Mr. Best had furnished me), and requested him to proceed to New York at once to investigate their financial and moral standing, and to report the same to me by letter at as early a day as possible. At Dr. Worth's request I telegraphed to the Hon. Jos. J. Davis to accompany him to New York and assist him in the investigations. I also requested Col. W. E. Anderson, President of the Citizens' National Bank of this place, to make similar inquiries for me, which he did through his correspondents in New York.

Dr. Worth reports that he is "perfectly satisfied that Mr. Best and his associates [W. R. Grace, J. N. Tappan and J. D. Fish,] possess the financial ability to fulfill the contract submitted to you by them and that their personal character and standing is such as to give positive assurance that they honestly intend to carry out any contract they may enter into."

Mr. Davis reports that Messrs. James D. Fish, W. R. Grace and J. N. Tappan "are gentlemen of large means and all of them gentlemen of high character commanding the confidence of business men."

Col. Anderson reports that the sources from which he de-

rived his "information are varied and of the very highest respectability in New York City, and they all agree that these are men who would not intentionally enter upon any undertaking which would involve their good names, or which they might not be able to carry out."

I thereupon at once submitted the proposition, my letter books, and the reports made to me by the gentlemen above named, to the Council of State, and asked their advice as to whether the General Assembly ought to be convened in extra session. I am informed by the Council of State that they are unanimous in advising an extra session of the General Assembly to consider the proposition for the purchase of the Railroad, and in accordance with this advice I have issued my proclamation as the law directs.

I have exercised all the intelligence, patience and care that I possess, in conducting the negotiations, and in throwing all possible safeguards around the interests of the State. I felt obliged, in justice to the parties contemplating the purchase, while the negotiation was in progress, not to make it public; but now that I have reached the conclusion, so far as I am concerned I desire that the speediest, greatest and most detailed publicity be given to it. For this purpose I have caused a thousand copies of the proposition to be printed and sent out—one to each member of the General Assembly, Sheriff, Register of Deeds and Clerk of the Superior Court, and to every newspaper in the State. Any information that I have on this important subject will be freely given to any citizen of North Carolina who shall desire it, and my letter-books are open for inspection.

The proposition of Mr. Best and his associates as perfected, briefly stated, is this: The State, through its proper commissioners, is to make a deed, without any warranty of title, to Mr. Best and his associates for the State's interest in the Western North Carolina Railroad. This deed is not to be delivered to the purchasers until the railroad is completed both to Ducktown and to Paint Rock, nor until all

the other stipulations of their contract are performed; but until then it is to be held in trust by The United States Trust Company, of New York, upon the following conditions:

If the road is completed as agreed upon in the contract and all the other conditions therein stipulated are faithfully performed, the deed is to be delivered to the purchasers; but if they fail in any one the grant becomes void, the property reverts to the State, the United States Trust Company is to re-deliver to the State the deed and all papers pertaining thereto, and the State re-enters at once into the possession, control and ownership of the entire property.

Before the delivery of this deed to the United States Trust Company, the purchasers are to enter into a contract binding themselves, their executors, administrators and assigns, to build the Branch Railroad to Paint Rock by July 1st, 1881, the Ducktown line as far as Pigeon river by the same time, and to complete the Ducktown line by January 1st, 1885. From the day the act authorizing the sale is ratified, the purchasers are to pay all the interest on the $850,000 mortgage bonds which the State is now paying, and are in due time to take up and cancel the said bonds.

The purchasers are to have the right to mortgage any mile of the said W. N. C. R. R. that has been completed and is in operation, to the extent of $15,000 per mile, but the aggregate amount of these mortgage bonds shall include the $850,000 heretofore issued, until these latter bonds shall be cancelled. Of these bonds issued by the purchasers they are to deliver to the State Treasury $550,000 to re-imburse the State for its expenditures made since the purchase of the road in 1875. The mortgage to be made by the purchasers is to contain a condition that it cannot be foreclosed until the railroad is completed both to Paint Rock and to Murphy, in Cherokee county, and this condition is to be explicitly stated in the body of all the mortgage bonds, so that no defalcation in the payment of interest or any thing

else can work a sale of the railroad until it is completed. If the parties shall fail in their contract, the remedy is two-fold. First, the State has the legal right and the ability to enforce its performance. But if from any cause it shall become impracticable or inexpedient to enforce its performance, the railroad again becomes the property of the State, which takes that part from Salisbury to Paint Rock with all the rolling-stock and equipment free and discharged of all mortgage, lien or encumbrance of any and every kind, in favor of the purchasers or any other person or corporation except the $850,000 now on it, and the actual expenditures made by the purchasers in the construction, repair and equipment of the said road, not to exceed in the aggregate $850,000. But this lien or indebtedness shall not be due or in any manner collectable until the completion of the Ducktown line to Murphy.

So that whatever money the purchaser shall have expended upon the work will be absolutely forfeited unless the road shall be completed both to Murphy and to Paint Rock. If, therefore, the purchasers build the Paint Rock branch and stop there, the State will take possession of the railroad, which is reasonably estimated to be worth $3,000,000. The only encumbrance upon it will be the $850,000 which is now a lien upon it, and which will be due in 1890, and the amount expended not to exceed $850,000, which latter amount will not be due until the Ducktown line is completed to Murphy; and if the road shall never be completed to Murphy this amount will never be due. It will be seen, therefore, that unless the purchasers build the road to Ducktown, the State will get a completed road, said to be worth $3,000,000 cash, for $850,000.

The proposition also contains a provision that the said purchasers, in the matter of transportation shall not discriminate against any North Carolina city or town, or against any one North Carolina city or town over another. The State is to *hire* to the purchasers—not *give* them—five

hundred convicts, for which they are to pay to the State $125 each per year, amounting in the aggregate to $62,500 annually for five years, or $312,500 in all

The reasons that have influenced me to convene the General Assembly in extra session, are—

*First.* The Western North Carolina Railroad belongs to the people of North Carolina. It has been built up to its present condition by your money, it is slowly progressing towards completion by the aid you give it, and surely you have the right to say whether you will sell it to those who will complete it, or will continue to be taxed for its construction.

*Second.* Under existing laws, the appropriations for the building of the road, to be paid in cash out of the State Treasury, annually, are: For interest on the first mortgage bonds, $59,500; for the purchase of iron and material, $70,000; and for the support of convicts about $45,000—making in all $174,500. To collect this money and place it in the Treasury the sheriffs get 5 per cent. commission, amounting to $8,725, which added to $174,500, the amount collected, makes $183,000 in money collected out of your property every year.

*Third.* The taxable property of the State is $157,967,481. To raise $183,000, therefore, out of this property requires a tax of 12 cents on every $100 worth of property. It is a simple matter of calculation for each tax payer to know the exact sum he pays annually and will continue to pay if you decline to sell the road and decide to go on with the work yourselves.

*Fourth.* The price to be paid for the convicts, that is to say $62,500 a year or $125.00 a head payable quarterly in cash will entirely relieve you of the burden of the maintenance of 500 convicts.

*Fifth.* I think you have a right to the opportunity of saying through the Legislature whether you will relieve yourselves entirely of this burden, or whether you will use

the money to hasten the completion of the Western Insane Asylum at Morganton, so that those of our fellow beings whom God has bereft of reason may be provided for with decent comforts instead of languishing in our common jails.

*Sixth.* You have a right to say whether you will continue in force the existing laws or use the money now appropriated to this purpose for fostering public schools and the education of your children, in which so much has been left undone by North Carolina.

*Seventh.* You have a right to say whether or not this property shall pass from your hands into those of private capitalists who will speedily complete both lines of this important railway without further burden to you.

*Eighth.* You have a right to say whether you are willing that these capitalists shall invest $4,000,000 of their own money in developing in the near future one of the grandest and most important sections of your State, a section that bids fair to be the great mining camp of the Union, and whether this investment shall be followed by others almost equally as important.

*Ninth.* It is for you to say whether capitalists, who have been urged by appeals, constantly and earnestly made, to come and invest their money amongst you, shall be permitted to do so.

*Tenth.* It is for you to say whether your fellow-citizens of the West are again to be disappointed. For nearly a half century they have appealed to you for help. For a quarter of a century you have responded to their appeals with all the means in your possession. During that time, after expending millions you have been able, of the three hundred and forty miles of railway which you projected nearly thirty years ago, to complete only one hundred and forty, and the track upon the part completed is almost worn out. You have in your political conventions often pledged yourselves to complete the other two hundred miles and appropriate legislation has been participated in by both parties to re-

deem this pledge. Private capitalists now offer to relieve you of this obligation. Whatever may be the speculation on that subject, who can say when another offer will be made? You are entitled to have an opportunity to accept this offer or to decide to run the risk of another.

*Eleventh.* You have a right to say that you will keep your faith. Every plan yet suggested for the State to go on with the work without further taxation looks to the abandonment of the main or Ducktown line, and the completion of the branch to Paint Rock alone. Before your plighted faith is broken, you are entitled to the opportunity of accepting, if you desire, a proposition that will enable you to keep that faith, and to strengthen rather than loosen the bonds that bind the mountains to the plains.

*Twelfth.* This is the first offer you have had for the purchase of the road and for its completion by private means. It may or may not be the last. But if I knew absolutely that one equally advantageous would be made to the General Assembly at its regular session next year, I would still deem it my duty to place it in your power to act now. The extra session, I find upon investigation, will cost you about $13,000, detailed as follows:

| | |
|---|---|
| 170 members at $4 per diem | $680 |
| 2 presiding officers, $2 per diem additional | 4 |
| 7 clerks at $5 per diem | 35 |
| 4 door-keepers at $4 per diem | 16 |
| 4 servants at $1.50 per diem | 6 |
| 5 pages at $1 per diem | 5 |
| Printing, fuel, lights and stationary estimated at $29 per diem (ample) | 29 |
| Total per diem | $775 |

It is thought that ten days will be amply sufficient for

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the Legislature to pass upon this question. Then, ten days at $775 per diem, will aggregate, without mileage.....$ 7,750 00

To which add mileage, taken from the Auditor's book ..... 5,637 75

Total cost.....$13,387 75

This is less than one cent on each $100 worth of property. To wait until next January means that the sheriffs shall collect of you for the railroad this year $175,000; that is to say, twelve cents on the $100 worth of property, the appropriations for the road being that amount. To act now, rather than a year from now, will cost $13,000, and save $175,000. In other words, it will cost one cent on the $100 worth of property, and save twelve cents. Now I think you have a right to say whether you desire to have that eleven cents collected this year or not, or what you will have done with it if collected.

Of the million and a quarter of people in your State I am the only one, on account of the position in which you have placed me, who can give you the power to answer these questions and exercise these rights for yourselves through your representatives, and to say what you will have done with this property and the money you are annually contributing to build it. After mature deliberation, I have determined, whether wisely or unwisely the future will demonstrate, to give you this opportunity. The way is now open to you, and it is for you to say what shall be done.

Respectfully,

THOS. J. JARVIS.

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